

## Income/Franchise:

### Oregon: Adopted Changes to CAT Rules Address Cost Inputs or Labor Cost Subtraction and Farming

*Amended OAR section 150-317-1200, Or. Dept. of Rev. (10/20/23); Amended OAR section 150-317-1170, Or. Dept. of Rev. (10/20/23).* The Oregon Department of Revenue (Department) adopted changes to its corporate activity tax (CAT) rule addressing how taxpayers must compute the cost inputs or labor cost subtraction by adding guidance to determine the 35% CAT subtraction for unitary groups that elect to subtract “cost inputs” in their Oregon CAT return and are made up of members that:

**URL:** <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=298540>

**URL:** <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=298653>

1. Report cost of goods sold (COGS) for federal income tax purposes, and
2. Are engaged in farming operations that do not report COGS for federal income tax purposes.

Other adopted CAT rule changes provide additional guidance generally for CAT taxpayers with farming operations. The amendments are effective November 1, 2023. Please contact us with any questions.

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